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GEOGRAPHY

Peru has a surface area of 1.2 million km². It is bounded by Ecuador and Colombia to the north, Brazil and Bolivia to the east, Chile at the south, and the Pacific Ocean at the west. Its land borders total 6,940 kilometres and its Pacific coastline is 2,414 kilometres in length. The country is divided into 24 departments and 1 constitutional province.

The terrain features a western coastal plain, high and rugged Andes Mountains at the centre, and

eastern lowland jungle (Amazon) at the east. The climate varies from tropical in the east to dry desert in the west.

Environmental issues include deforestation, soil erosion from overgrazing, desertification, river and coastal water pollution, and air pollution (especially in Lima, the main urban centre).



DEMOGRAPHY

The population of Peru is about 23.947 million people (mid-1996) yielding a population density of 18.3 inhabitants per km². Thirty-five percent of the population is under 14 years of age, 58.5 percent is between the ages of 15 and 64, and 6.4 percent is 65 or older (1995). The literacy rate is 82 percent. The overall population growth rate is about 1.7 percent per year.

Presently, about 70 percent of the population live in urban areas. Approximately 40 percent of the population is concentrated in urban centres with populations greater than 100,000, and 50 percent reside in centres with populations greater than 20,000. Historically, rapid urbanization re-shaped Peru from 35 percent urban in the 1940s to 65 percent urban in the late 1980s. The population of Lima (6.3 million people), together with its surrounding area, constitutes nearly half the population of the country. People move from rural

homes to the metropolitan areas in search of the basic shelter amenities they lack in their original homes. Migrating to the squatter settlements (*pueblos jóvenes* or young towns), they find there is no access to such amenities and services; they must now live in unfamiliar surroundings not at all similar to the environment they came from; in fact the living conditions are often much worse than those left in search of better lives.

Migration to urban areas continues at a high rate. When land invasion opportunities are not available, doubling up in existing occupancies takes place. Statistics gathered in the late 1980s indicated many instances of increases from 4 to 6 people per home to 14 to 16 people per home over the space of a few months. Although according to the Confederation of Human Settlement Statistics (1990), there are on average 5.2 people per home.

ECONOMIC OVERVIEW

The Peruvian economy has become increasingly market-oriented, due mainly to large scale privatization in the mining and telecommunications sectors in the 1990s. This is in marked contrast to the Peruvian economy of the 1980s. Then, the economy suffered from high inflation, high external debt, and low per capita output. Because of huge debt arrears, Peru was cut off from the international financing pipeline in the 1980s. Austerity measures undertaken in 1990 initially caused further declines in output, but the economy began to improve in 1991. Recent economic restructuring has resulted in trade liberalization, investment, tax reform, reduced inflation and elimination of subsidies.

Peru's economic growth rate has been and is high. Growth was 9 percent in 1994, 7 percent in 1995, 2.8 percent in 1996, and 4.5-5.0 percent was forecasted for 1997. Table 1 shows key economic indicators.

From 1977 to 1984, real income fell by 34 percent, while basic food items increased in price by over 100 percent in 1983 and 1984. These contrary trends had the effect of driving more and more people into poverty. Low-income families constituted almost 80 percent of total households in 1988. Though actual income amounts have changed considerably since 1988 due to currency revaluations and inflation, the distribution of income has remained constant. The private sector is changing its focus from mid- and upper-class housing to low-income housing, with the prospect of profiting from this very large, but previously ignored sector of the market.

Barrios in metropolitan Lima have increased drastically over the last three decades. Two principal causes for this mass migration to the barrios are the country's centralist economic policy and the private sector's monopoly over urban land use. Occupation of formal urban land is well beyond the means of migrants. Their other option is illegal invasion, often with the cooperation of the landowner—the owner seizes the opportunity to rent out the land without having to pay to urbanize it.

Table 1:
Peru: 1994 Economic Indicators

	Value	Units
GDP per capita	\$2,919	Canadian Dollars
Construction GDP per capita	\$310	Canadian Dollars
GDP Growth Rate	8.6%	Per Year
GNDI Growth Rate	15.2%	Per Year
Inflation	15.0%	Per Year
Unemployment	15.0%	of the work force
Balance on Current Acct. per capita	-\$163	Canadian Dollars
External Debt per capita	\$1,333	Canadian Dollars

Sources: ECLAC, *Statistical Yearbook for Latin America and the Caribbean*, 1995; Central Intelligence Agency (CIA), *Country References*, July 1995

In 1994, the Peruvian economy achieved significant expansion with a real growth rate of over 12 percent, the largest in Latin America. This is basically due to the consolidation of the advances obtained by the economic stabilization program and the pacification process implemented in recent years by the Peruvian government.

The reduction of the inflation rate to less than 15 percent in 1994, the ongoing privatization process of state enterprises, major business and industrial modernization, and increase in fiscal revenues are the main factors that interact to enable the reactivation of all the sectors of the economy.

With Peru's latest elections, the way is clear for another 5 years of economic stability, with goals to lower inflation to less than double digit. The growth rate was expected to be 4.5-5.0 percent for 1997. In future years, Peru is set to benefit from higher levels of investment, improved international trade and real growth rate averaging 6 percent to the year 2000.

Peru's predicted economic performance in the coming years bodes well for an improved trading relationship with Canadian industry as the country

will be pressing ahead to maintain this renewal process in all sectors of the economy.

After many years of being outside the international financial community, Peru, with the assistance of the International Monetary Fund, has recovered. Today, the country enjoys some of the highest yields amongst the emergent stock exchanges and will receive over US\$1 billion in foreign loans mainly from the Inter-American Development Bank and the World Bank for major infrastructure projects, and social reform projects in health and education.

Peru is the most liberalized economy of Latin America and thus benefits from total convertibility of its currency without restrictions as to transferability. As a free market economy, there is freedom of pricing, salaries, unregulated interest rates and capital markets.

This legal framework and the advances in structural reforms have enabled more foreign capital to enter the country through the acquisition of state-owned enterprises and the Stock Exchange. The privatization process is still ongoing with opportunities in the petroleum, electrical and mining sectors. The objective was to terminate the process by the end of 1995.

It should be noted that with most of the privatization there are significant levels of investment commitments to further enhance the production levels of these enterprises.

Canada, through the Export Development Corporation (EDC) will provide financing to the private sector, thus favourably positioning Canadian companies to benefit from the coming opportunities in Peru.

POLITICAL OVERVIEW

The major political change in Peru, occurred in April 1995, when the current President was re-elected for another 5-year term along with a majority in the newly reformed Congress. This should enable the government to continue the major structural reforms started in 1990.

A new Constitution will also be tested; however, it is believed that the favourable business climate brought about by the quasi elimination of social unrest, and a policy of a free-market economy will not change, as well as the cornerstone of the government policy of being a regulator and promoter of a better economic well being. New laws need to be enacted in the areas of agriculture, the environment and labour. These are expected to follow a course of moderation in keeping with the goals of the government to attract foreign investment to maintain a high level

of growth. The privatization process is also expected to follow its course.

The promotion and stabilization of a number of institutions such as the judicial power are expected to be amongst the toughest challenges facing the government. Social reforms along with the improvement of the well being of the lower spheres of the population will certainly be a mainstay of the policies of the next few years. The country needs to improve its education and health sectors which have been moribund for many years. It has embarked on a very ambitious program with the support of the international financing institutions.

Changes to Peru's policies are designed to make the country one of the most competitive and attractive in the region in matters of foreign trade and investment.

TRADE POLICY

The Peruvian market of over 23 million people offers excellent opportunities for Canadian exporters. Importers and consumers are quite familiar with North American goods and services. In 1996, Peru imported more than US\$5.8 billion, an increase of over 5.4 percent from 1995. Raw materials and semi-processed products accounted for 50 percent of the total while capital goods represented 30 percent with most of the balance being consumer products.

Peru has simplified its import regime and lifted all restrictions on international trade. Taxes on exports have been removed and tariffs of only 15 percent and 25 percent *ad valorem* apply with 97 percent of imports falling within the lower rate. There is a sales tax (I.G.V.) of 18 percent that applies to all products or services entering or sold in the country. There are no foreign exchange controls or restrictions.

The language of work is Spanish, although English is spoken by many business people. Local representation is recommended to assist with marketing, language and contacts.

Canada has been successful in telecommunications and several Canadian companies have major investments in the Peruvian mining sector. There are major opportunities in the petroleum, energy, agri-food sectors. Canada enjoys an excellent reputation as a provider of high quality goods and services.

Major competitors are the other Latin American countries, the U.S., which has a large presence in the market, Japan and several EU countries. Many of these countries have substantial direct investments in Peru.

Canada has signed an agreement with Peru called a Foreign Investment Protection Agreement and

the Export Development Corporation (EDC) provides coverage for all three risks (transfer, expropriation and war) for eligible transactions. EDC will also consider provision of credit for exports of capital goods as well as insurance coverage. Foreign investors also have access to the Multilateral Investment Guaranty Agency (MIGA) of the World Bank.

The CIDA Bilateral Program in Peru, the largest in South America, has lines of contribution available. The Industrial Cooperation Program is also very active in support of Canadian companies' efforts in this marketplace.

Peru offers to Canadian companies willing to invest in market development efforts one of the most liberal and open economies worldwide with unparalleled trade and investment opportunities.

There are very few market access issues that need to be focused on in the coming years as the government of Peru is striving for a totally free market economy. Aside from the preferential tariffs given to other countries of the region that affect Canada mainly in some of the commodities in the agricultural sector, Peru applies its tariff policies equally to all trading partners.

On the investment side, given that the Peruvian economy is still largely based on the exploitation of natural resources, Canadian mining companies in particular have investment plans of over US\$2 billion to the year 2000. The investment regime of Peru is one of the most liberal in the entire world. Foreign investors benefit from the same legal treatment as nationals and can invest in any sector of the economy. In the last few years, the country has benefited from a basically stable political regime. This, coupled with the almost total elimination of acts of terrorism have made Peru a most attractive place to invest.

HOUSING CONDITIONS

In 1993, there were approximately 4.9 million households in Peru. This number was expected to increase to 5.1 million households by 1995, with a further increase to 5.9 million by the turn of the century.

Table 2:
Peru: 1992 Housing Characteristics (except as noted)

Based on Total Stock of 4,904,219 units*		
By Type of Occupancy:	Owner	3,184,838
	Tenant	486,037
	Other	756,642
By Number of Rooms: 1972	1	883,399
	2	791,528
	3	409,898
	4	271,979
	5+	286,488
	Unknown	43,179
By Number of Occupants: 1972	1	290,047
	2	324,854
	3	369,552
	4	394,994
	5	373,879
	6	330,969
	7	291,822
	8	150,470
	9+	244,966
By Available Services: 1993	Domestic Water	2,067,565
	Flush Toilets	unknown
	Sewage Disposal	1,769,635
	Bathroom	unknown
	Power	2,430,666

*Individual categories do not necessarily add up to quoted total. Sources: ECLAC, *Human Settlements: The Shelter of Development*, October 1995; *Statistical Yearbook for Latin America and the Caribbean*, 1995

Materials of choice for housing construction are generally cement or masonry and local natural materials from which wall panels are built. Dwellings in the *pueblos jóvenes* are usually built from whatever material is available, whether it be intended for construction use or not.

In a typical squatter settlement (not just in Peru, but anywhere in Latin America), houses are first built from crude materials, then later rebuilt or replaced with more substantial construction as accumulated savings allow. In the settlement of Villa El Salvador in Lima, it was observed that up to 18 percent of dwellings had not been upgraded or replaced after 17 years. This is primarily due to the unavailability of economical building materials.

There are some 1,000 shanty-towns surrounding Lima. They constitute about 37 percent of the population of Lima, which itself accounts for one-third of the country's population. From another perspective, the shanty-town population of metro Lima constitutes 44.7 percent of the marginal population of the entire country. The shanty-towns generally do not have the services required to meet basic human needs. In the north and east sectors of Lima, where 30 percent of the city's population lives, there is no water service. This causes high rates of disease and mortality in the barrios. The average life expectancy in urban areas of Peru is 59 years.

Table 2 gives a general indication of the state of housing in Peru. Some of the data dates to 1972; however it is the most recent information available.

HOUSING SECTOR

Major Participants in the Housing Sector

According to CAPECO, the Peruvian construction chamber, the informal sector is the largest investor in housing, accounting for over 80 percent of the country's housing industry. This amounts to over \$10 billion over the last 5 years.

Four private companies - Grupo de Empresas Constructoras, Gremco SA, Grana y Montero SA and Cosapi SA Ingenieria y Construccion—control 51 percent of the upscale housing market. Of the top four, Gremco leads the market.

Key Housing Market Institutions

In 1981, national legislation empowered municipalities with authority in all matters concerning urban affairs. In Lima, the Human Settlements and Popular Urbanizations department handles land entitlements, land legalizations, and special projects. The switch from national to municipal control made land entitlement processes six times faster. Prior to this, state control required a sequence of 207 steps, lasting an average four years, and adding over \$300 to land costs. The cost put land claims well beyond the means of the poor.

The Servicio Nacional de Capacitacion para la Industria de la Construccion (SENCICO, National Training Service for the Construction Industry) provides professional and technical training for the construction industry and carries out research directed toward improvement and standardization of housing.

Housing as a National Priority

In 1986, the social democratic government created a series of short- and long-term programs to address the problems and needs of the marginal sector. Housing did not appear to be a priority; rather, basic infrastructure services such as water, sewer and light were seen as immediate housing-related priorities, and general social services like community kitchens, day care, temporal employment, and creation of

community-based businesses and cooperatives were viewed as short- and medium-term solutions.

Historically, social housing has not been a high-ranking priority with the Peruvian government. It accounted for only 0.1 percent of total expenditures in 1995. However, efforts are now being made to develop social programs for the provision of assistance in the acquisition and improvement of housing. Envisaged program areas include:

Construction in New Areas—projects intended to provide minimally acceptable living conditions in previously undeveloped areas.

Servicing Programs—provision of basic infrastructure services.

Acquisition Programs—acquisition of serviced areas with the intention of changing the occupancy structure to housing.

Rehabilitation/Renovation Programs—intended for upgrading dwellings or groups of dwellings to minimally acceptable living conditions.

These planned programs are intended to fit within two types of developmental models:

Progressive Development—Services are provided as required by the degree of development of the area. Deployment of this model will include self-help construction and participation of the people in the planning and prioritizing processes.

Complete Development—This model begins with the provision of a fully serviced development that can accommodate various housing forms. Types of housing include basic units (multi-purpose rooms with kitchen and sanitary facilities), single-family dwellings (basic units with the addition of one or more bedrooms), and multi-family buildings.

Despite the fact that housing has not been a high national priority, the government has been the main supplier of low-income housing. In 1994, \$21.5 million was allocated to housing. In 1995, 4,500 homes were auctioned off among 1 million eligible beneficiaries of the housing tax fund (FO-NAVI). A single auction of 128 government apartments brought more than 100,000 applications.

MATERIALS, LABOUR AND FINANCING

Materials

The informal sector accounts for 80 percent of housing production. Methods used by this group are primarily self-help. Once in occupancy of an illegal plot, a family is faced with the cost of building its home. Materials for self-help construction rose steeply in price from 1979-84. The cost of cement increased 13-fold and the cost of bricks increased 300-fold. Installation of a basic water system cost 11 times the legal minimum wage. Material costs are still beyond the means of most low-income families. Most resort to whatever is available, whether it be intended for construction use or not, or seek out low-cost native materials. Quincha panels are an example of local materials. They offer a low cost alternative to the typical brick and concrete option, that is an expensive route and often stalls development of substantial houses.

Surface hauling is the most common means of transporting materials within the country. Peru has 69,900 km of highway of which only 13,538 km are paved. In addition, there are 2,041 km of railway, 8,600 km of navigable waters and 32 airports with paved runways greater than 1.5 km in length.

Labour

Skilled labour is difficult to find. Windows for quincha panels are generally made on site and installed by local carpenters. The quality of workmanship in this regard is low, and prefabricated windows are recommended as an

option for improved quality. Good quality, low-cost windows are not generally available from local markets.

Financing

Recent mortgage instruments, issued by the national government in conjunction with major financial institutions, do not offer sufficient returns to attract backing from investors, which is necessary to make mortgage funds available. Though low-risk, the 10-percent return can be spread over 3 to 20 years, while competing term deposits, bank certificates and bonds offer 12 percent over 3 years. Consequently, mortgage investment represented only a small fraction (0.8 percent) of the total investments of AFP, one of the major pension funds in the country, as of June, 1995. Prospective Peruvian home buyers must qualify for mortgages with minimum monthly salary requirements and down payments of 25 percent in addition to other qualifying requirements, and face mortgage interest rates of 14 to 18 percent if they do eventually qualify. Recently, residential mortgage rates have dropped to 13.3 percent, and mortgages are now available at 15-year terms. Consequently, mortgages are accessible to only upper-middle and high-income wage earners. The Peruvian building community favours the Chilean system, where mortgage interest rates are 9 percent and parallel subsidies are available to persons applying for mortgages. This has not been supported by the government in the past. However, private banks are now beginning to offer mortgages at 7 to 8 percent, amortized over 25 years.

HOUSING MARKET ACTIVITY, NEED AND DEMAND

Local Technologies

Three types of construction are indigenous to Peru: adobe and tapial (mud wall) are typical to the sierra regions, because they are wet processes and are therefore convenient in this area of rain and fertile soil; quincha is particular to the drier coastal region. One of the aspects of SENCICO's research work is the improvement of these systems.

Quincha refers to pre-built wall panels. The panels are basically wood frame (diagonally or horizontally braced for corner or lateral use) with cane infill on both sides of the bracing material. This could be cane stalks laid side by side and fastened to the frame, or estera, which is crushed cane strips woven into a mat. The quincha building system presently used maintains original techniques with a standard wall panel measuring 0.8m by 2.4m (32"x96"). Foundations are concrete, extending about 40cm below grade and 20cm above grade. A 2x6 nailer strip is placed on the foundation while the concrete is wet. Quincha panels are placed side by side and nailed to the foundation and to each other. Once in place, the panels are covered on both sides with a layer of mud. After the mud has dried, the panels are coated with a thin sand and cement parging, which gives them a smooth surface for painting.

For stability, a collar beam consisting of 2 - 1x6s is nailed to the assembled panels (at the top) all around the perimeter. Quincha frames are also used for doors and windows.

Roof construction consists of wood joists, typically 2x6, to which round cane stalks are nailed (at right angles to the joists). Prefabricated roofing panels, made from natural fibre mixed with concrete and cured in a corrugated mold are installed over the cane stalks. The panels add a great deal of weight, and can be replaced by a light cement parging coat, since rainfall is not a concern in the coastal region. Roofs can be sloped or flat.

Plastering/parging on both the walls and roof serves an image purpose as well as a building purpose. It gives the outward appearance of strength and substance, which exposed cane would not do.

Local Housing Activities

Approximately 50,000 homes were built in 1994, constituting an annual growth rate of 3.4 percent. From January to March of 1995, there were 108 housing projects under way in the country. Their combined selling value was \$211 million. Of that, \$176 million was for high-income housing, and \$31.2 million was for upper middle-income housing. Private investment in housing in Lima and Callao was expected to increase from \$60 million in 1994 to \$100 million in 1995.

Housing Need

1993 is the most recent year for which detailed information on the housing deficit is available. The data is shown in Table 3.

Table 3:
Peru: 1993 Housing Statistics

No. of Households	4,762,779
Private Dwellings	4,427,517
Adequate	2,231,469
Reparable	1,323,828
Beyond Repair	872,221
Total Deficit	2,531,310
Quantitative	1,207,483
Qualitative	1,323,828
Annual Increase in Households (1990-95)	105,000

Source: ECLAC, *Human Settlements: The Shelter of Development*, October 1995

The number of households in 1995 was estimated at about 5.06 million. Projections indicate that this figure will reach 6.7 million by 2005, an average annual growth rate of roughly 172,100 households per year.

Figures for projected annual production were not available. It should be noted, however, that informal construction outpaces formal construction by a factor of four. It would therefore be logical to assume that a significant number of people construct their own dwellings.

Factors Affecting the Demand for Housing

Low-income families constitute nearly 80 percent of the demand, and very few of them can afford single-family dwelling units (that is, a house on a lot) even with government assistance. The industry believes low-cost mass housing projects will be the key to future prosperity, stemming from the needs of the low-income market. Prosperity in this

market segment will likely be dependent on the success of the government's low-income housing initiatives, particularly the extent to which financial assistance is provided.

The demand for upscale housing is on the rise due to increasing wages. Wage earners in the \$6,000 per month bracket are up at the rate of 2,000 per year. Those earning \$3,000 per month are increasing at the rate of 8,000 per year. Despite forward thoughts of the potential value of low-income housing projects, the high-end market remains more attractive, at least for the immediate future. Low profit margins, scarcity of land, and lack of infrastructure all combine to turn current attentions away from low-income housing.

Table 4 highlights income distribution.

Table 4:
Peru: 1988 Distribution of Income

Income Class	% of Total House-holds	Monthly Income (Comparative Units)	Weighted Average Income	% of Total Monthly Earnings
Upper Class	2.5	2.85	2.38	35
Lower-Upper Class	5.4	2.17		
Middle Class	12.7	1.00	1.00	23
Lower Class	24.3	0.44	0.29	42
Very Low	55.1	0.15		

Source: Servicio Nacional de Capacitacion para la Industria de la Construcción (SENCICO), 1996

EXPORT OPPORTUNITIES AND STRATEGIES

A potential market is estimated for the following Canadian products, however the success will be dependent on strong marketing efforts: wood I-beams in the interior of Peru, windows and doors, kitchen cabinets, simple and low-priced door hardware and manufactured housing.

Information about Canada's housing export prospects in Peru is limited, however Canadian government officials note that while Peruvians do not normally build wood-frame homes, the prospects for Canadian housing product sales are good.

During the 1980's, Peru had a serious problem with guerrilla violence and inflation was very high. Residential construction declined drastically. However, the population kept on growing and housing deficits grew. Housing needs are significant, according to a Peruvian builder.

Many large foreign firms are engaged in various types of engineering construction, including roads and dams, but they are generally not involved in the residential sector.

Recently, the banks started lending money for residential mortgages. The lending rate depends on the individual's credit rating and ability to pay. Generally, mortgage interest rates currently range around 7 to 8 percent and mortgage amortization periods are typically 25 years, as in North America. Mortgages are a fairly new concept in Peru but are becoming popular.

There is a potential demand for Canadian building products. However, the hurdle for any manufacturer or company interested in entering the Peruvian market is to convince consumers of the advantages of Canadian construction methods and products, and to offer price savings relative to domestically produced products. Most of the population is still skeptical about new construction materials, preferring to stay with traditional ones.

There is good potential for wood I-beams. Wood is used in the interior of Peru where it is plentiful, including for beams. There is uncertainty in regards to the price competitiveness of Canadian products.

Demand for wood stairs is not strong. There is uncertainty in regards to the price competitiveness of Canadian products.

Shingles are generally not used in Lima where rainfall is minimal. However, in the interior where rainfall is heavy, asphalt shingles have been used (along with eavestroughing). This is a fairly new product introduced by foreign companies that are building roads and dams in the interior. Local companies have not yet adapted to these construction materials. Market potential exists but the estimated prices of the Canadian product appear to be high.

There is strong demand and a market potential for sealed unit windows in all parts of the country. Current competitive suppliers are from other Latin American countries such as Mexico. Some windows are also imported from Canada and the United States. Canadian prices appear to be competitive.

Some siding and vinyl products may have a market opportunity in parts of Peru where rainfall is fairly heavy, excluding Lima. However, most exterior cladding materials continue to be traditional brick. There is uncertainty in regards to the price competitiveness of Canadian products.

Demand for Canadian door products is increasing, but interior and exterior doors are manufactured locally. Bi-fold doors have been introduced to the market recently but the volume of sales is unknown. The quality and prices of the current market offerings vary. Canadian prices appear to be competitive.

Hardwood floors are used in higher-end houses and apartment buildings. Lower-priced homes have concrete floors and the lowest-cost homes have dirt floors. Carpeting is not very popular, but there is a small segment of the population that has used carpeting and continue to do so. The market potential and price competitiveness of Canadian products is uncertain.

The market is strong for a full price range of kitchen cabinets. The estimated prices of Canadian cabinets appear to be competitive with domestic market offerings.

Door locks are marketable for higher-end priced homes. More modest door hardware is needed for lower-priced housing, and it is produced in South America. Canadian prices of these products seem competitive.

The market for kitchen sinks is strong but these products are manufactured domestically. Canadian products will sell well if they are priced competitively.

The Peruvian domestic market for home alarm systems offers many options, but a market may exist for high tech models in the more expensive housing.

Insulated foam forms is a new product in Peru. Some builders have seen it in foreign magazines but it has not been used in Peru.

Some prefabricated and manufactured homes have been built recently on the outskirts of Lima. Peruvian builders assess the market for manufactured housing to be enormous but acknowledge that Peruvians are skeptical of such new housing concepts. A strong education or marketing campaign to introduce manufactured housing to Peruvians would pay huge dividends.

The price competitiveness of Canadian products is uncertain.

Peruvians generally look mostly to European, then to other Latin American and North American countries for new design and technical ideas for housing, particularly for high-end housing.

Canada ranked among the top five suppliers for the products investigated for 3 of the 11 products analyzed in 1993 and 1994. The products and sales volumes were as follows: manufactured wood items with sales volumes of US\$97,000 in 1993 and US\$5.9 million in 1994 and carpet with sales volume of US\$79,000 in 1993, and electric wire and cable, with a sales volume of US\$0.7 million in 1994. The most significant other exports were PVC siding, with a sales volume of US\$0.2 million in 1994. The U.S. was among the top 5 suppliers in all 11 of the products assessed, and was usually the top supplier.

Chile and Brazil supply products to Peru, but the sources of other major building product imports to Peru were diverse, with no countries having dominance.

Most of Canada's exports of other products investigated ranked reasonably well, typically from 8th to 20th, and sales volumes were small.

BUSINESS ENVIRONMENT

Overview

The business environment in Peru is one of the most open and dynamic in Latin America. The economic restructuring implemented by the Peruvian government since 1990 has resulted in the liberalization of trade, investment and foreign exchange, a substantial decline in inflation, tax reform, and the elimination of subsidies. As a result of these market reforms, the Peruvian economy continues to outperform most of its neighbours in the region, with 12 percent growth in 1994 and 7 percent in 1995.

Business Customs

Business is conducted in Spanish, although there are a great number of executives in the Peruvian business community who speak English. All promotional literature must be in Spanish. Business hours in Peru are generally from 8 a.m. to 5 p.m. Breakfast meetings are not common, but, business lunches are normally scheduled between the hours of 1:30 to 3:30 p.m. However, shops and some businesses operate from 11:00 a.m. to 1:00 p.m. and from 4:00 to 8:00 p.m. Business offices are closed on Saturdays. In the provinces, business hours are usually from 9:00 a.m. to 1:00 p.m. and from 4:00 to 7:00 p.m. Lima is situated directly south of New York and is in the Eastern Standard time zone, but does not follow Daylight Savings Time. Dates are written starting the day of the month, the month and finishing with the year. The currency is the Nuevo Sol, which replaced the Inti. As of July 1995, the exchange rate was 2.25 soles to one U.S. dollar. The metric system is used for weights, measures, and mathematical expression.

Business Infrastructure

The transport sector is in poor shape due to long neglect, but efforts are underway to remedy the situation. The state-run railroad system is underdeveloped, but as privatization proceeds, expect the rail system to attract new investments.

**Table 5:
Holidays**

January 1	New Year's Day
April	Maundy Thursday
March or April	Good Friday
May	Labour Day
June	Saints Peter and Paul
July 28/29	Independence Day
August	Santa Rosa de Lima
October 8	Battle of Angamos
November 1	All Saints' Day
December 8	Immaculate Conception
December 25	Christmas Day

Peru has two international air carriers, Faucett and Aeroperu. There are a number of smaller airlines covering domestic routes, such as Aero Continente, Americana, Expreso Aereo and Imperial Air. Lima is also served by two U.S. Airlines—American and United. International flights are available to most major cities in South America. Currently, the only direct flights to the United States are to Miami, although Aeroperu has indirect service to Los Angeles. There are daily cargo flights to Miami on both Peruvian and U.S. carriers (Challenge Air Cargo).

Public ground transportation is not recommended. Taxis are abundant and not metered, so fares must be negotiated. More reliable radio taxis are recommended. Transportation to and from the airport by radio taxi or taxi service is approximately \$15. Tips are not expected on short rides. If you have a car and driver, a tip is common.

The hotel infrastructure is at this time inadequate and relatively expensive throughout the Lima area. Completion of new hotel projects in 1996 will help ease this problem. Cost and availability of rented residential space, apartments, or homes is surprisingly high driven by increased demand by returning businessmen. Construction in these areas

has been expanding rapidly to meet growing demand.

Peruvian medical facilities do not generally meet Canadian standards; however, if visitors take certain precautions about food and drink, the level of risk will be reduced. Cholera and other infectious diseases such as hepatitis are present in Peru. Travelers in Peru should substitute bottled beverages for potentially contaminated water. Fish, shellfish and vegetables should not be eaten unless well cooked, and all food should be eaten while still hot. Peeled fruits are safe. Travellers to the jungle areas of Peru should have up-to-date yellow fever vaccine and malaria prophylaxis. There are several clinics in the Lima area which have foreign-trained personnel and up-to-date medical equipment.

Distribution and Sales Channels

The population of Peru is extremely centralized, with 30 percent of all inhabitants living in the capital city of Lima. Therefore, most sales occur in Lima, but opportunities exist in other major population centers which should be part of an overall marketing strategy. Representatives in Lima will have sales agents in these cities, thereby maintaining constant communication.

The most common method of distribution is the acquisition of a strong and qualified representative. Appointing an agent or distributor is advisable if your company is seriously considering entering the market. Foreign companies are finding good success in locating qualified local agents.

An alternative approach in distribution is to establish a local subsidiary or branch office. This method can create the best opportunity for you to give effective service and aggressive promotion of your product. Expenses for commercial and industrial space are rapidly rising in the Lima area, which could make this an expensive option.

Finding a Partner

Customarily, suppliers enter the Peruvian market by appointing an agent, distributor, or wholesaler. Most are located in Lima with branch offices in the other main cities such as Arequipa, Trujillo, and Tacna.

Peruvian law does not require the use of local distributors for either private sector commercial sales or for sales to the government. Nevertheless, it is advisable to have a Peruvian representative to keep up with the latest opportunities and developments.

Although Peru offers a number of exciting opportunities for Canadian business, it is a very competitive market and only the companies that are prepared to invest in time and effort can reasonably expect to succeed.

A clear understanding of the needs and the reality in which Peruvian companies operate is essential to achieve success, thus a presence in the market place is of utmost importance. It is recommended that an agent or official representative be employed to pursue the market opportunities with the private and public sectors. This will help with problems which might arise because of language, customs clearance and servicing requirements. Since government entities have to purchase through public tender, it is a quasi requirement that an agent be used to help comply with the complex tendering regulations.

Joint Ventures and Licensing

Peruvian law allows for joint ventures and licensing agreements with a legally established local partner who will be accountable for all legal matters. Peru is just beginning to integrate itself into the global commercial network making it attractive to potential joint ventures and licensing agreements. This is especially true in activities where local manufacturing or finishing assembly capacity for products whose market price is strongly affected by shipping costs.

Establishing an Office

Foreign corporations that establish business in Peru permanently and conduct business within the country, or acquire real estate in Peru must be registered in the Peruvian Mercantile Register. To comply, the following documents must be provided:

- copy of the charter and bylaws of the corporation;
- copy of the stockholders' resolution appointing directors.

- copy of the directors' resolution to establish the branch in Peru. This resolution should specify:
 - amount of assigned capital;
 - duration of the branch (may be indefinite) and the commencement of the operations; and
 - name of person(s) authorized to act in the registration of the branch and its representation and powers vested in him.

The corporation's legal existence must be certified by a Peruvian attorney in accordance with the laws of the country of incorporation.

Documents 1 and 3 require certification by a public notary or appropriate government official in the country of incorporation. The signatures have to be authenticated by a local Peruvian consul. The documents should be in Spanish, but if not, they must be translated by the ministry's official translator.

Fees payable upon registration are as follows:

- registry fee of approximately 3 percent per million on the amount of the assigned capital;
- translation fees; and
- notarial and legal fees and expenses.

The affiliate is directed by the holder of the parent corporation's power of attorney, duly registered. Such power can be revoked anytime by the parent corporation. There is no regulation that requires the parent company to submit its financial statements. It is advisable that all companies that wish to operate in Peru seek legal assistance from reputable lawyers to ensure that their operations are within the framework of the legal system. They should be aware of matters concerning taxes on corporate income, corporate residence, branch income, business equity tax, value-added taxes, income determination, capital gains, intercompany dividends, stock dividends, depreciation and depletion, net operating losses (tax losses) and payment to foreign affiliates.

Other significant points such as workers participation, tax incentives, withholding taxes, municipal operating permits, vacations and general

labor laws that will affect the business as it starts operating must be considered.

Limited Liability companies (Empresas de Responsabilidad Limitada) is a form of business organization that is a legal entity different from its owner, who must be an individual and whose business liability is limited to his capital contribution. Profits and losses obtained from the business activity carried on through this type of business structure are declared by the owner.

Once a residence or a domicile can be demonstrated, the foreign company must obtain the Remuneracion Unica del Contribuyente (RUC) number and officially initiate its corresponding activities. The taxpayer will use an RUC number in all commercial transactions.

Selling Factors and Techniques

The single most important selling factor in Peru is price. Price competitive products from Asian countries such as Taiwan and Korea far outsell more expensive European or North American products in the consumer product categories, such as consumer electronics, appliances and automobiles. With investment in sales promotion and service infrastructure, goods are more competitive than Canadian products that do not have quality service and lack high-market profile needed to increase market share.

Dependability becomes more influential in purchases of advanced electronics and construction machinery. The customer will often prefer more expensive North American or European products based on the decision factors of quality, durability, technology, good customer support, and a strong regional service structure where applicable.

Many of the larger representatives have small regional offices in two or three additional cities outside of Lima. The rest of the country is largely underpopulated, underdeveloped and does not offer an attractive market for technical equipment.

Payment for major purchases is generally on a net 30 days basis when invoices are used.

Over-the-counter purchases are done in cash, cheque or credit card. Most retailers use credit terms as a sale technique and major department stores are starting to issue their own credit cards.

Advertising and Trade Promotion

Lima boasts 15 daily newspapers, each of which strives to be a national newspaper. Locally oriented dailies can be found in most provincial capitals. First in influence and national readership is “El Comercio”, which is also the nation’s oldest paper with over 150 years of continuous publication. The other most influential dailies are the right-of-center tabloid “Expreso”, its leftist counterpart “La Republica” and business daily “Gestion”. The government daily which contains all procurement information is “El Peruano”.

Radio has the largest audience of all communications media, reaching even the most isolated populations. It is often the first source of up-to-the-minute news, and is the principal vehicle for transmitting information about local issues and events outside of Lima. However, it has little power to shape opinions, particularly among Peru’s decision makers.

In all, there are close to 1,000 radio stations in Peru, broadcasting on AM, FM, and short wave frequencies. Many of these stations are small storefront operations that serve relatively limited audiences. Radio’s most influential source of news and information is “Radio Programas del Peru” (RPP), one of the many media holdings of the Delgado Parker family. With transmitters and correspondents in virtually every important city in Peru, RPP constitutes the country’s only true national radio network. In most major cities, including Lima, RPP leads AM ratings and is second in FM listenership to music-oriented “Radio Panamericana”. Television permeates the urban environment in Peru and has become increasingly available to rural audiences as well. As in Canada, television is often the primary source of news for a majority of those who watch it.

The most important organizations are the four Lima-based television networks, along with a government-owned service which for years was the only station available in many parts of the country. These five broadcasters use affiliates in the provinces much like their counterparts in Canada. In addition, there are several independent stations that serve the needs of a particular city or region.

Cable television has also begun to make inroads into the Peruvian market with three companies serving approximately 40,000 homes in the greater Lima areas. These packages include CNN, the major U.S. networks, and programming from other Latin American and European countries. The leading cable company, Telecable, also carries the WORLDNET signal.

Pricing Products

In general, Peru enjoys a very open market with trade restrictions held to a minimum. Revised tariff rates are 15 percent *ad valorem*. Distributor mark-up varies according to type of product, but usually ranges between 15 and 30 percent. All imports are subject to an 18 percent value-added local sales tax. Imports of \$2,000 or more into Peru are also subject to pre-shipment inspection, which must be performed by one of the four selected supervision service companies. There are some exceptions where fees are not paid:

- government entities do not pay these fees; decentralized industrial entities as classified by the General Industrial Law;
- industrial entities that have signed tax-stability or tax-exemption contracts with the government of Peru;
- enterprises established in the industrial free zones and special treatment zones; and
- companies that have their operations in the jungle regions of Loreto, Ucayali, Madre de Dios, Amazonas, and San Martin in accordance with the Peruano-Colombiano Treaty. Imports from countries with which Peru has bilateral agreements are covered by different preferential tariff schedules.

Sales Service and Customer Support

Peruvians consider service and support a critical factor in making the final purchasing decision, especially for products that require periodic servicing. The buyer must know and feel that the service is guaranteed. It is important for the product to be sold through a reliable distributor that offers the quality and services that clients require for products.

Selling to the Government

To sell to the government, companies need to register as a supplier with the appropriate ministry. The second step is to provide credentials indicating that the firm is a legitimate representative of the company. This can be done by a letter with the signature of a Peruvian lawyer. If using an agent, he/she need not be a national of Peru but can be one of your choosing.

Peruvian law excludes all government officials on active duty from negotiating contracts with the government. This is to ensure conflicts of interests do not occur. Former government officials are not affected by this law. Payment of commissions or fees to third parties in connection with sales to the government can be done under Peruvian law by a distributor working independently. For example, a company in Peru can purchase certain products from a company in Canada and then resell them to the Peruvian government. There are no controls in place on commissions or mark-ups on sales to the government by either agents or distributors. Neither are there common nor customary rates in regard to this matter. Government agencies usually publish tender notices in the main newspapers. The Peruvian government, in order to ensure transparency for all government tenders, is currently using the United Nations Development Program (UNDP) to notify potentially interested suppliers.

Protecting Your Intellectual Property

Protection of intellectual property in Peru has improved significantly in recent years, but it still falls short of international standards in several areas. Peru thus remains on the special 301 watch list.

The Peruvian government agency charged with promoting and defending intellectual property rights is the Institute for the Defence of Competition and Protection of Intellectual Property (INDECOPI). Patents, trademarks, utility models, and industrial designs are protected by Law No. 26017 of 1992 and by Andean Pact Decisions 344 and 345. In case of conflict, the statute offering the stronger protection will prevail. Copyrights are protected by Law 13714 of 1961 and by Andean Pact Decision 351. Peru is a signatory to the Berne Convention for the

Protection of Literary and Artistic Works, the Universal Copyright Convention, the Geneva Convention for the Protection of Sound Recordings, the Brussels Convention on the Distribution of Satellite Signals, and the Paris Convention on Industrial Property. In December 1994, the Peruvian Congress ratified the Uruguay Round agreement on Trade-Related Aspects of Intellectual Property (TRIPS).

Need for Local Legal Assistance

Obtaining legal counsel is a must in doing business in Peru. Potential investors should contact a lawyer to understand the legal framework for investments found in the Foreign Investment Promotion Law, the Framework Law for Private Investment, the Law for the Promotion of Private Investment in State-Owned Companies, and the Law for the Promotion of Private Investment in Public Utility Facilities.

In the event of a dispute, national or international arbitration is followed with national or international conformity.

Regulatory Issues

Peru maintains 15 percent tariffs on 95 percent of the items on the tariff schedule and 25 percent on the remainder. The weighted-average tariff is approximately 16 percent, down from 80 percent in mid-1990. The government intends to move to a flat 15-percent rate, which will eventually be reduced to 12 percent. This could change, however, if Peru joins the Andean Customs Union and adopts its common external tariff schedule of varying rates between 5 to 20 percent.

Most imports are also subject to an 18-percent value-added tax on the same basis as domestically produced goods. In addition, selective consumption taxes are applied to certain products. Port fees have been reduced but are still relatively high for Latin America. There are no quantitative import restrictions.

EDC Financial Risk Assessment

The Export Development Corporation (EDC) helps Canadian companies compete in world markets through the provision of financial and risk management services. These include export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

The following information was obtained from the EDC Country Risks and Opportunities book (fall, 1996).

These issues should be taken into consideration when assessing financial risk in Peru.

- Peru has had one of the fastest growing economies in Latin America in recent years. Prudent fiscal and monetary policies and a comprehensive structural reform program attracted the attention and support of the international financial community. Growth slowed in the second half of 1995 due to reduced government spending following the April election. The surge in domestic demand in first half of the year caused a large increase in imports and a deterioration of the current account balance. That has since been partially corrected, as weak domestic demand confined import growth in the first half of 1996.
- Privatization has been a major part of Peru's reform program, raising about US\$4 billion so far. Earnings of about US\$1.5 billion were projected for 1996, based on the sales of part of the utility Electroperu, the mining complex Centromin and the state petroleum company Petropem. The entire process should be completed by the end of 1998.
- In July 1996, Peru reached an agreement with Paris Club creditors providing about US\$1.1 billion of debt relief over the next two

years. Normally, the term of a Paris Club agreement coincides with that of an International Monetary Fund (IMF) arrangement. Peru was able to convince creditors to extend its agreement, and about US\$5.6 billion of its stock of debt will be re-profiled over a 17-year period beginning in 1999. Peru is also in the final stages of settling a Brady Plan agreement to reduce its debts to commercial banks. The government estimates the Plan will cut the debt by US\$5 billion: private estimates put the figure at about US\$3.2 billion. In order to preserve these gains, the IMF program severely restricts non-concessional external borrowing by the public sector.

- Fiscal policy tightening will limit economic growth in the short-term. This will lead to further improvements in the trade and current account deficits. The medium-term outlook is buoyed by Peru's return to the international financial community, although investors could become unsettled if government again compromises the principles of democracy.

Collection Experience

The overall collection experience in Peru is good and the payment situation is satisfactory. Secure trading terms are the norm, however, open account terms are becoming more common. There are no credit or financial issues.

CONTACTS

Canada Mortgage and Housing Corporation

Housing Export Centre

700 Montreal Road
Ottawa, ON K1A 0P7

Tel.: 1-800-465-6212 or
(613) 748-2000
Fax: (613) 748-2302

Canadian Government Departments and Services

Department of Foreign Affairs and
International Trade (DFAIT)

InfoCentre
Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2

Tel.: 1-800-267-8376 or
(613) 944-4000
Fax: (613) 996-9709
FaxLink: (613) 944-4500
InfoCentre Bulletin Board:
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(613) 944-1581

Latin American and Caribbean Trade
Division (LGT)
125 Sussex Drive
Ottawa, ON K1A 0G2

Tel.: (613) 996-4199
Fax: (613) 943-8806

Canadian Embassy in Peru

Federico Gerdes 130
(Antes Calle Libertad) Miraflores
Lima 18, Republic of Peru

Tel.: (011-51-1) 444-4015
Fax: (011-51-1) 444-4347

International Trade Centres

Newfoundland

International Trade Centre
P.O. Box 8950
Atlantic Place
215 Water Street
Suite 504
St. John's, NF A1B 3R9

Tel.: (709) 772-5511
Fax: (709) 772-5093

Prince Edward Island

International Trade Centre
P.O. Box 1115
Confederation Court Mall
134 Kent Street
Suite 400
Charlottetown, PE C1A 7M8

Tel.: (902) 566-7443
Fax: (902) 566-7450

Nova Scotia

International Trade Centre
P.O. Box 940, Station M
1801 Hollis Street
Halifax, NS B3J 2V9

Tel.: (902) 426-7540
Fax: (902) 426-5218

New Brunswick

International Trade Centre
1045 Main Street
Unit 103
Moncton, NB E1C 1H1

Tel.: (506) 851-6452
Fax: (506) 851-6429

Quebec

International Trade Centre
5 Place Ville-Marie
Seventh Floor
Montreal, PQ H3B 2G2

Tel.: (514) 283-6328
Fax: (514) 283-8794

Ontario

International Trade Centre
Dominion Public Building
1 Front St. West
Fourth Floor
Toronto, ON M5J 1A4

Tel.: (416) 973-5053
Fax: (416) 973-8161

Manitoba

International Trade Centre
P.O. Box 981
330 Portage Avenue
8th Floor
Winnipeg, MB R3G 2V2

Tel.: (204) 983-5851
Fax: (204) 983-3182

International Trade Centres (cont'd)

Saskatchewan	International Trade Centre The S.J. Cohen Building 119-4 th Avenue South Suite 401 Saskatoon, SK S7K 5X2	Tel.: (306) 975-5315 Fax: (306) 975-5334
Alberta <i>* Edmonton office is also responsible for Northwest Territories</i>	International Trade Centre Canada Place 9700 Jasper Avenue Room 540 Edmonton, AB T5J 4C3	Tel.: (403) 495-2944 Fax: (403) 495-4507
	510-5th Street S.W. Suite 1100 Calgary, AB T2P 3S2	Tel.: (403) 292-4575 Fax: (403) 292-4578
British Columbia <i>*Vancouver office is also responsible for the Yukon</i>	International Trade Centre 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1	Tel.: (604) 666-0434 Fax: (604) 666-0954

Export Development Corporation (EDC)

Ottawa	151 O'Connor Street Ottawa, ON K1A 1K3	Tel.: (613) 598-2500 Fax: (613) 237-2690
Vancouver	One Bentall Centre 505 Burrard Street Suite 1030 Vancouver, BC V7X 1M5	Tel.: (604) 666-6234 Fax: (604) 666-7550
Calgary	510-5th Street S.W. Suite 1030 Calgary, AB T2P 3S2	Tel.: (403) 292-6898 Fax: (403) 292-6902
Winnipeg <i>*office also serves Saskatchewan</i>	330 Portage Avenue Eighth Floor Winnipeg, MB R3C 0C4	Tel.: (204) 983-5114 Fax: (204) 983-2187
Toronto	National Bank Building 150 York Street Suite 810 P.O. Box 810 Toronto, ON M5H 3S5	Tel.: (416) 973-6211 Fax: (416) 862-1267
London	Talbot Centre 148 Fullarton Street Suite 1512 London, ON N6A 5P3	Tel.: (519) 645-5828 Fax: (519) 645-5580
Montreal	Tour de la Bourse 800 Victoria Square Suite 4520 P.O. Box 124 Montreal, PQ H4Z 1C3	Tel.: (514) 283-3013 Fax: (514) 878-9891
Halifax	Purdy's Wharf, Tower 2 1969 Upper Water Street Suite 1410 Halifax, NS B3J 3R7	Tel.: (902) 429-0426 Fax: (902) 423-0881

Peru Government Offices in Canada

Embassy of Peru	170 Laurier Avenue West Suite 1007 Ottawa, ON K1P 5V5	Tel.: (613) 238-1777 Fax: (613) 232-3062
Consul General of Peru	550 rue Sherbrooke ouest La Tour Ouest Suite 376 Montreal, PQ H3A 1B9	Tel.: (514) 844-5123 Fax: (514) 843-8425

Peru Government Offices in Canada (cont'd)

Consul General of Peru	10 St. Mary St. Suite 301 Toronto, ON M4Y 1P9	Tel.: (416) 963-9696 Fax: (416) 963-9074
Consul General of Peru	505 Burrard St. Suite 1770 Vancouver, BC V7X 1M6	Tel.: (604) 662-8880 Fax: (604) 662-3564

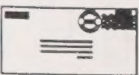
Multilateral Organizations

World Bank	Washington, DC 20433 U.S.A.	Tel.: (202) 477-1234 Fax: (202) 477-6391
Office for Liaison with International Financial Institutions	Canadian Embassy 501 Pennsylvania Avenue N.W. Washington, DC 20001	Tel.: (202) 682-7719 Fax: (202) 682-7726

Business and Professional Organizations in Canada

The Canadian Council for the Americas (CCA)	Executive Offices, Third Floor 145 Richmond Street West Toronto, ON M5H 2L2	Tel.: (416) 367-4313 Fax: (416) 367-5460
Alliance of Manufacturers and Exporters Canada	99 Bank Street, Suite 250 Ottawa, ON K1P 6B9	Tel.: (613) 238-8888 Fax: (613) 563-9218

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Outside Canada
1-613-748-2016

Charge to VISA, American Express or MasterCard.

To avoid double billing, please do not send confirmation.

VISA, American Express, and MasterCard.

To avoid double billing, please do not send confirmation. A fax will be treated as an original order.

METHOD OF PAYMENT

Check only one (individuals must prepay all orders.)

Please Print

Name		
Company or Organization	Position Title	
Address		
City	Province/State/Country	Postal/Zip Code
Telephone Number ()	Fax Number ()	

<input type="checkbox"/>	Please charge my
<input type="checkbox"/>	VISA <input type="checkbox"/> American Express <input type="checkbox"/> MasterCard <input type="checkbox"/>
Card Number	
Expiry Date	
Signature	
<input type="checkbox"/>	Payment enclosed \$ _____
Please make cheque or money order payable to CMHC	

To Complete See Example on Reverse Side		1	2	3	4	5
ORDER NUMBER	REPORT TITLE	QTY	ITEM AMOUNT \$	TOTAL \$ AMOUNT 1 x 2	SHIPPING POINTS	TOTAL SHIPPING POINTS 1 x 4
	Please be sure the order number and report title match the listing				3	
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SOURCE (How did you hear about the product?) TV AD <input type="checkbox"/> <input type="checkbox"/> CATALOGUE NEWSPAPER <input type="checkbox"/> <input type="checkbox"/> FLYER/BROCHURE MAGAZINE <input type="checkbox"/> <input type="checkbox"/> OTHER	Subtotal Column 3		A	Subtotal Column 5
	SHIPPING CHOICE ADD Shipping & Handling		B	
	Regular Mail <input type="checkbox"/> Courier <input type="checkbox"/>		C	
	Subtotal (Add A + B)		D	
U.S. AND INTERNATIONAL ORDERS Please pay subtotal C in U.S. Funds (do not add GST or PST)	Registration #100756428 ADD GST (7% of subtotal C)		E	Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount. SEE EXAMPLE ON REVERSE
	Subtotal (Add C + D)		F	
	Quebec residents add PST (6.5% of Subtotal E)		G	
	Total (Add E + F)			

Shipping and Handling Charges

Points	Canada Regular Rates	Canada Courier Rates	U.S. Regular Air Rates	U.S. Courier Rates	International Regular Air Rates	International Courier Rates	Europe Courier Rates
1	2.55	5.00	5.00	11.00	7.00	24.00	19.00
2	3.65	8.00	6.50	14.00	9.00	30.00	25.00
3 to 5	5.80	11.07	8.11	30.75	12.18	63.75	47.75
6 to 10	6.18	11.07	12.46	34.75	20.61	88.75	55.75
11 to 20	6.43	12.35	18.08	42.75	38.77	118.75	71.75
21 to 40	6.94	14.90	23.81	58.75	64.65	193.75	103.75
41 to 60	7.44	17.62	29.48	74.75	68.12	253.75	129.75
61 to 80	7.95	20.51	35.15	90.75	117.36	313.75	149.75
81 to 100	8.45	23.35	40.92	106.75	146.60	373.75	169.75
101 to 120	8.96	26.20	46.59	120.75	166.71	433.75	189.75
121 to 140	9.46	29.05	52.31	134.75	184.72	493.75	209.75
141 to 160	9.97	31.90	58.00	148.75	207.45	553.75	229.75
161 to 180	10.47	34.75	63.71	162.75	228.92	613.75	249.75
181 to 200	10.98	35.60	69.38	176.75	250.29	658.75	269.75
201 to 220	11.48	40.45	75.05	190.75	N/A	718.75	289.75
221 to 240	11.99	43.30	80.72	204.75	N/A	778.75	309.75
241 to 260	12.49	46.15	86.49	218.75	N/A	838.75	329.75
261 to 280	13.00	49.00	92.21	232.75	N/A	901.75	349.75
281 to 300	13.50	51.85	97.88	246.75	N/A	958.75	369.75
Estimated Delivery times	2-3 weeks	5-10 days	2-3 weeks	5-10 days	4-8 weeks	12 days	12 days

Prices Subject to Change

CMHC Return Policy

We will replace damaged materials and correct shipping errors if we are notified within thirty days after you receive your shipment. If an item is not defective or not mistakenly shipped, then it must be returned by you at your cost within thirty days of receipt. It must arrive here in resaleable condition for you to receive credit.

International Note: Most international return shipments arrive damaged. If you received damaged items, contact CMHC at (613) 748-2969. Please do NOT return the damaged items unless we ask.

Example: To complete order form and determine shipping and handling charges

ORDER NUMBER	REPORT TITLE <small>Please be sure the order number and report title match the listing</small>	1 QTY	2 ITEM AMOUNT \$	3 TOTAL AMOUNT 1 x 2	4 SHIPPING POINTS	5 TOTAL SHIPPING POINTS 1 x 4
NHA 8003	Brazil	1	35.-	35.-	3	3
NHA 8009	Western Europe	2	23.-	46.-	3	6
					3	
					3	
SOURCE <small>(How did you hear about the product?)</small> TV AD <input type="checkbox"/> <input type="checkbox"/> CATALOGUE NEWSPAPER <input type="checkbox"/> <input type="checkbox"/> FLYER/BROCHURE MAGAZINE <input type="checkbox"/> <input type="checkbox"/> OTHER		Subtotal Column 3		A 81.-	Subtotal Column 5	9
		SHIPPING CHOICE ADD Shipping & Handling Regular Mail <input checked="" type="checkbox"/> Courier <input type="checkbox"/>		B 6.18		
U.S. AND INTERNATIONAL ORDERS Please pay subtotal C in U.S. Funds (do not add GST or PST)		Subtotal (Add A + B)		C 87.18	Refer to Shipping and Handling Charges on the back of this form for the shipping and handling amount.	
		Registration #100756428 ADD GST (7% of subtotal C)		D 6.10		
		Subtotal (Add C + D)		E 93.28		
		Quebec residents add PST (6.5% of Subtotal E)		F -		
		Total (Add E + F)		G 93.28		

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